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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

DDI #7544-82

17 September 1982

MEMORANDUM FOR THE RECORD

SUBJECT: SIG-IEP Meeting, 16 September 1982, on Pipeline Issues

1. The meeting was chaired by Secretary Regan; also attending were Secretaries Shultz, Weinberger, Baldrige and Block, Ambassador Brock, Robert McFarlane, and Roger Porter. I accompanied the DCI.

2. Secretary Shultz gave about a 45-minute presentation on broad US policy objectives vis-a-vis the USSR, the principles of our policy on East-West trade, and the requirements for arriving at a consensus with our allies on this subject. He made it clear that he was speaking for the President, with whom he had discussed these matters in some depth.

3. The main objective of our policy on Western trade with the USSR is not to eliminate this trade, from which both sides gain, but rather to shift the balance of advantage more in our favor. At the same time, we want to help constrain Soviet economic choices so long as their behavior continues to be seriously inimical to US interests. We cannot expect much direct leverage on Soviet policies, but can hope that a consistent US policy will eventually give Moscow added reasons to improve its behavior.

4. The main criteria to consider in deciding what kinds of limits we should try to place in our economic relations with the USSR are: the impact of Western measures on the Soviet economy; the acceptability of these measures to our allies, whose support we need to have much impact; and the sustainability of these measures in the longer term. Secretary Shultz said he believes the measures most acceptable to our allies were restrictions on credits and improvements in COCOM. It would be difficult to get agreement on export controls on oil and gas equipment; we would probably have to be very selective. There would probably be agreement in principle on the desirability of finding alternative energy sources, but there are also many complex problems.

5. Secretary Shultz reported that, although both we and our allies feel the need to try to examine the broader picture of East-West economic relations, there were no negotiations planned. He expects to discuss these issues informally and bilaterally in the periphery of the UNGA session, but does not have a clear idea where this will lead. In any event there will

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MINUTES

SENIOR INTERDEPARTMENTAL GROUP ON INTERNATIONAL ECONOMIC POLICY

September 9, 1982

2:00 p.m.

Indian Treaty Room, OEOB

Attendees

Treasury

Secretary Regan (Chairman)
Marc Leland
Peter Wallison

State

James Buckley
Robert Morris

Defense

Secretary Weinberger
Fred Ikle

Agriculture

Secretary Block

Commerce

Secretary Baldrige
Lionel Olmer
Sherman Unger

Justice

William French Smith
Jonathan Rose

CIA

William J. Casey
Maurice Ernst

Office of Vice President

Donald Gregg
Admiral Daniel Murphy

USTR

Ambassador Brock
John Ray
Dennis Whitfield

CEA

Martin Feldstein
Paul Krugman

OMB

Fred Khedouri
Steve Farrar

White House

Robert C. McFarlane

OPD

Ed Harper

NSC

Norman Bailey
Henry Nau
Roger Robinson

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The Chairman introduced the sole agenda item, the oil and gas equipment and technology export sanctions on the Soviet Union.

There may be a meeting at foreign minister level with the Europeans. Counsellor Buckley stated that the four areas that were being developed for eventual discussion were: (1) key categories of oil and gas equipment to be jointly embargoed in future; (2) credit restraint; (3) strengthening of COCOM procedures; and (4) development of secure energy sources.

Classified by MELeLand.
Review for declassification
on September 14, 1982.

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